

WASHINGTON STATE GAMBLING COMMISSION

2ND OLDEST GAMBLING REGULATORY AGENCY IN THE NATION



What's New and What's News

A NEWSLETTER FOR THE LEGISLATURE & OTHER GOVERNMENTAL AGENCIES

August 2005

Who We Are

Welcome to the inaugural edition of a newsletter dedicated to keeping the legislature and other governmental agencies informed of "What's New" in the Washington State Gambling Commission and "What's News." Issues will be sent out each summer and fall.

The Gambling Commission is a law enforcement agency and is the 2nd oldest gambling regulatory agency in the nation. The Nevada Gaming Control Board is the only agency with more experience regulating gambling.

The Legislature created the Gambling Commission in 1973 after a series of gambling related scandals. Five citizens are appointed by the Governor, with the consent of the Senate, to act as part-time Commissioners, for a single six-year term. The current Commissioners are:

Curtis Ludwig, Chair
Alan Parker, Vice-Chair
Judge Janice Niemi (Ret.)
John Ellis
One Commissioner position vacant

Four members of the Legislature act as ex officio members and vote on Tribal/State Gaming Compacts. The current Ex Officio members are:

Senator Margarita Prentice, 11th District
Senator Jerome Delvin, 8th District
Representative Alex Wood, 3rd District
Representative John Serben, 6th District

Primary Legislative Contacts



Rick Day
Director
(360) 486-3446



Amy Blume Hunter
Legislative Liaison
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2005 Session Recap

Several bills relating to gambling were introduced during the 2005 legislative session; one passed.

Problem Gambling Passed (SHB 1031): This law funds problem gambling (including treatment) through a Business and Occupation tax on commercial and charitable licensees, as well as lottery and horse racing activities. The Department of Revenue will collect the tax, which became effective July 1, 2005.

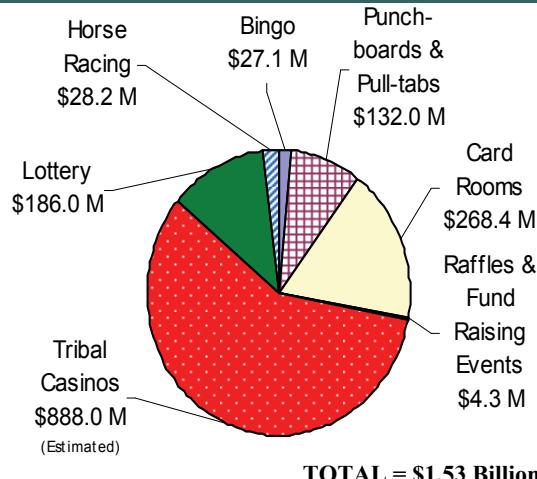
The tax is based on the gross income of the business (after prizes) and will be 0.1% through June 30, 2006, and 0.13% thereafter and is expected to raise \$404,000 in fiscal year 2006 and \$574,000 in fiscal year 2007.

The law exempts Gambling Commission licensees with fewer than \$50,000 in gross income (after prizes). The effect is that about 2/3 of the smaller licensees will not have to pay this tax.

Several other gambling related bills were introduced, but didn't make it through the process. The following bills may be reconsidered during the 2006 session:

- **Card Room Gambling Taxes (SSB 5287)**
- **Limiting the Number of House-banked Card Rooms (SSB 5994)**
- **Zoning Card Rooms (SB 5591)**
- **Banning Internet Gambling (SSB 5878)**
- **State Employee Raffles (SHB 1944)**

2004 Gambling Net Receipts



Our Mission: Protect the Public by Ensuring that Gambling is Legal and Honest.

What We Do

We are a law enforcement, licensing and regulatory agency. The statute on which the Gambling Commission was founded (RCW 9.46) gives us the responsibility and authority to regulate all gambling in Washington State, except for Horse Racing and the Lottery, which have separate Commissions.

We meet our mission of "Protecting the Public by Ensuring that Gambling is Legal and Honest" through a number of means.

We do everything from criminal background checks, to on-site 'spot' checks, to in-depth records review.

We also investigate crimes such as theft, cheating, and bookmaking.

One of our most recent cases was a bookmaking case that included two card rooms and about 20 licensed card room employees. Four criminal cases were filed as a result, and nine card room employees had action taken against their licenses.

Tribal-State Gaming Compacts

State law delegates the responsibility of negotiating Tribal-State Gaming Compacts to the Director of the Gambling Commission.

There are 29 federally recognized Tribes in Washington. 27 of those Tribes have successfully negotiated a Compact to offer Class III Nevada-style gaming. Of those Tribes, 17 are currently operating one casino, the Puyallup Tribe and the Tulalip Tribe are each operating two casinos, and the Colville Tribe is operating three casinos, for a total of 24 Tribal casinos in the state.

The only two Tribes that do not have compacts are the Cowlitz Tribe in Southwest Washington and the Spokane Tribe. Both of these Tribes are currently in negotiations for a gaming Compact.

Staff

Of the Commission's 168 employees, about 70 are commissioned law enforcement officers. We have 14 Certified Public Accountants, and 30 Certified Fraud Examiners; some staff have both accreditations.

2005 Basic Law Enforcement Academy Graduates
Jeremy Wakeman, Jess Lohse, Bryce Mack, Darcey Axon

Upcoming Staff Changes

Neal Nunamaker, Deputy Director, plans to retire after the 2006 session. Neal has been with the Gambling Commission since 1975 and is a member of the Legislative Team.

Bob Sherwood, Business Office Administrator, plans to leave the agency in September. He has been with the Commission since 1995 and regularly works with legislative staff.



Calece (Cally) Cass
Assistant Director Field Operations
(360) 486-3579

To those of you I haven't met, I want to introduce myself. I have been with the agency since 1987 and graduated from WSU in Accounting and Economics.

I had the privilege of attending the F.B.I. National Law Enforcement Leadership Academy in Quantico, Virginia, and graduated in 2004. I am a Certified Public Accountant, Certified Fraud Examiner, and a member of the Agency Legislative Team.

Commission agents and I look forward to working with local law enforcement and prosecutors on cases.

Interesting Facts

Criminal background checks are conducted on nearly every applicant for a gambling license. Nationwide criminal intelligence checks and processing fingerprint cards through the Washington State Patrol and F.B.I. are an important part of our regulatory program. These checks help ensure gambling in Washington State is legal and honest. In 2004, we conducted:

- 4,700 Criminal intelligence checks
- 21,831 Criminal history checks
- 4,162 Fingerprint cards processed
- 414 Applicants did not qualify for a license

As part of our continuing regulatory program we conduct **emphasis patrols** based on factors we consider high risk. The following emphasis patrols were conducted in 2004-2005:

- 43 Underage gambling inspections, resulting in 17 violations
- 33 Exceeding wager limits in card rooms, resulting in 1 violation

Other significant events in 2004:

- 32 Criminal cases referred to prosecutors
- 164 Administrative charges issued
- Over 330 Law enforcement contacts
- Assisted local governments in collecting over \$800,000 in local gambling taxes

Agency Funding

We are a non-general fund and a non-appropriated agency. No taxes are used to fund the agency. We are funded through licensing and regulatory fees paid by licensees and tribal governments.

In an effort to manage funds responsibly, the Commission lowered the 2005-07 biennium budget and recently eliminated 22 FTE, even though gambling has increased.